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March 22, 2012

EDUCATION & LOCAL GOV'T IC
MARCH 22, 2012
Exhibit 5

RE: Use of Interest Earnings on Student Extracurricular Accounts

Education and Local Government Interim Subcommittee Members:

Thank you for inviting a representative from the Montana Association of School Business Officials (MASBO) to address you regarding investment of and interest earned on Student Extracurricular Funds. Unfortunately, I have a conflict and am unable to attend your meeting at the time I was scheduled.

Our request is to change 20-9-504 MCA to clearly allow excess cash in the Student Extracurricular Accounts to be invested in a manner similar to public school funds pursuant to 20-9-213 MCA. We also request that any interest earned as a result of these investments be credited to a general operating account within the Student Extracurricular Fund and be used to pay a portion of the expenses incurred to administer the Student Extracurricular Funds.

In Bozeman we operate 80 separate accounts on behalf of our students at our elementary and middle schools and 69 at our high school. The total annual revenues and expenditures at the elementary level is about \$370,000 while the high school runs around \$1 million. Needless to say there are thousands of transactions that require bookkeeping time to assure they are properly documented and accounted for. In addition to the personnel time, there is postage expense, supply expenses for paper, receipts, checks, printer cartridges etc. Currently all of those expenses for operating the student extracurricular accounts are paid from the District General Fund.

We monitor and limit the allowable year-end balance in the student accounts but even with that oversight the ending balances are substantial. The reason for the balances is that student groups plan and save for special events. For example, athletic clubs may save up for uniform purchases or the Robotics Club may be saving to purchase a special piece of equipment or the yearbook club has a balance because they have sold the yearbooks but they have not been delivered and billed. At the end of June 2011 the cumulative balance in our 149 Student Extracurricular Accounts was nearly \$350,000.

In our case the interest earned on the investment of available student account cash would not come close to paying the total costs of administering the accounts. However, you could put a provision in any legislation that the use of interest earned to pay expenses is limited to the amount of total documented expenses to run the student accounts.

Thank you for your consideration of this request.

Sincerely,

Steven D. Johnson, Assistant Superintendent for Business and Operations